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## United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

February 6, 2001

Mr. John Seal  
Acting Executive Director  
Pension Benefit Guaranty Corporation  
1200 K Street NW  
Washington, DC 20005

Via fax: (202)326

Dear Mr. Seal:


As the Pension Benefit Guaranty Corporation (Corporation) continues to make progress in eliminating its backlog of benefit determinations, the Corporation undoubtedly has become aware of impediments to further improvement. When the backlog was so overwhelming, procedural concerns that slow down the benefit determinations were obscured by the larger issues that introduced delay into the process. Now, however, smaller impediments become material in keeping the Corporation from continued improvement.

One such impediment may be the current Small Plan Average Recovery Ratio (SPARR) adopted in 1987 at section 4022(c) of the Employee Retirement Income Security Act (ERISA). I am told the calculation of the recovery ratio as set forth in that provision was appropriate at the time it was adopted, but now it may have outlived its usefulness. In fact, determining the recovery ratio over a period of years may now be introducing undue delay into benefit calculations, since such calculations must wait for the SPARR to be determined.

Please let me know whether this is in fact the case. Are some benefit determinations delayed simply to observe the recoveries made over a period of years, in order to calculate the SPARR? If so, I would appreciate options on what might be done to remove this obstruction. Please also provide me with your understanding of the reasons why the SPARR provisions were adopted in the first place, and whether these reasons still have merit.

This issue is particularly important to TWA employees that would otherwise need to wait till late 2002 before the SPARR data would be available. I understand removing this problem could allow benefit determinations to be made a year sooner. To ensure this prompt relief to my TWA constituents, I would appreciate your speedy response. If you have questions about this request, please call Cordell Smith on (202)224-5175.

Sincerely,



Christopher S. Bond  
Chairman